# Flossbach von Storch - Bond Defensive - I [2]



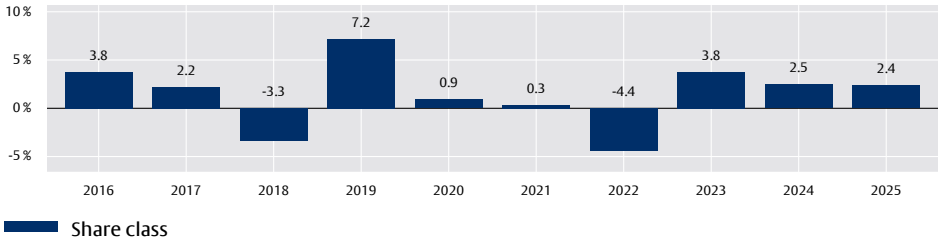
## INVESTMENT STRATEGY

Flossbach von Storch - Bond Defensive is a globally diversified bond fund. The objective of the Fund Management is to generate the most stable possible returns for investors over time. The focus of the Fund is on government bonds, covered bonds, and investment-grade corporate bonds. The Fund flexibly takes advantage of the opportunities in the bond market; this distinguishes it from pure corporate bond or government bond funds. Foreign currency risks are largely hedged. Security selection is based on a fundamental analysis process. The fund manager relies on research tools developed in-house. Other in-house valuation models include ESG questions, and engagement. In addition, exclusion criteria defined as part of the Sub-Fund's investment policy are taken into account.

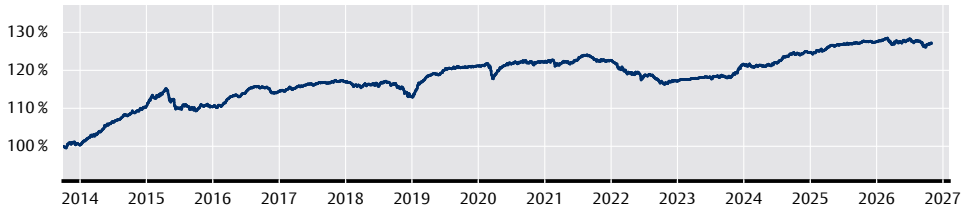
The Sub-Fund is actively managed and not benchmarked against an index. The portfolio is composed by the fund manager exclusively in accordance with the criteria defined in the investment policy, reviewed regularly and adjusted if necessary. The sub-fund complies with the standards for credit quality and credit limits in the insurance industry. The Sub-Fund is categorized as an Article 8 product within the meaning of the Disclosure Regulation (EU) 2019/2088 (SFDR).

For detailed information on the objectives and investment policy, please refer to the most recent sales prospectus and the Key Information Document (PRIIP-KID).

## ANNUAL PERFORMANCE IN EUR (IN %)




## PERFORMANCE IN EUR SINCE 1 OCTOBER 2013




## ACCUMULATED AND ANNUALISED PERFORMANCE IN EUR (GROSS, IN %)

| | 1 month | 2026 YTD* | 2026 YTQ* | 1 year | 3 years | 5 years | 10 years | since inception 01.10.13 |
|---|---|---|---|---|---|---|---|---|
| Accumulated | +0.8 % | -0.3 % | -1.1 % | -0.2 % | +7.3 % | +4.0 % | +10.4 % | +27.3 % |
| Annualised | | | | -0.2 % | +2.4 % | +0.8 % | +1.0 % | |

Source: Depositary and Flossbach von Storch, status: 31.10.26

## EXPLANATORY NOTES REGARDING PERFORMANCE

**Past performance is no indication of current or future performance.** The performance data do not take into account the commissions and costs incurred in the issue and redemption of units, which may reduce the performance. Exemplary model calculation assuming a front-end load of 5%: an investor wishes to purchase units for 1,000 EUR (or CHF). With a maximum front-end load of 5%, he must pay a one-time fee of EUR 50 (or CHF) on purchase. Custody account costs may also be incurred. **Please refer to the cost details presented in this document to determine the maximum front-end load for the unit class of the subfund.** Where performance is compared to a benchmark, such a comparison is provided for information purposes only and does not imply any obligation on the part of the fund manager to achieve the level of the benchmark or replicate its performance.

## FUND DETAILS

| | |
|---|---|
| WKN | A1W17V |
| ISIN | LU0952573052 |
| Valor number | 21968020 |
| Domicile | Luxembourg |
| SFDR Category | Article 8 |
| Share class | I |
| Fund currency | EUR |
| Launch date | 1 October 2013 |
| Financial year end | 30 September |
| Income utilisation | Distribution |
| Authorised for distribution | AT, CH, DE, LI, LU |
| Fund type | UCITS / FCP |
| Fund assets | 508.75 million EUR |
| Redemption price | 111.74 EUR |
| Minimum initial investment | EUR 1,000,000.00 |
| Minimum subsequent investment | none |
| Costs [1] | |
| Ongoing charges | 0.48 % p.a. |
| which includes a management fee of | 0.32 % p.a. |
| Transaction costs | 0.06594 % p.a. |
| Performance fee | none |
| Redemption fee | 0.00 % |
| Exchange commission (based on the unit value of the units to be purchased for the benefit of the relevant Distributor) | up to 1.00 % |
| Subscription fee | up to 1.00 % |

### Management company

Flossbach von Storch Invest S.A.
2, rue Jean Monnet
2180 Luxembourg, Luxembourg
www.fvsinvest.lu

### Depositary

BNP PARIBAS, Succursale de Luxembourg
60, avenue J.F. Kennedy, L-1855 Luxembourg, Luxembourg

[1] In addition to the management fee, the fund is charged further costs such as transfer agent fees, transaction costs, and various other charges. Further information about ongoing and one-off costs can be found in the key information document (PRIIP-KID), the sales prospectus, and the most recent annual report.

**[2] The performance until 23th January 2018 refers to the investment strategy of the subfund "Flossbach von Storch - Bond Total Return". As of 24 January 2018, the sub-fund "Flossbach von Storch - Bond Total Return" has been renamed "Flossbach von Storch – Der erste Schritt". Simultaneously, the investment strategy has changed. As of 23 June 2023, the sub-fund "Flossbach von Storch – Der erste Schritt" has been renamed "Flossbach von Storch – Bond Defensive". The investment strategy was changed as of 30 September 2023.**

* YTD: Most recent month-end performance since the beginning of the year
YTQ: Performance since the beginning of the year to the end of the most recent quarter

# Flossbach von Storch - Bond Defensive - I



## TOP 10 GUARANTORS (IN %)

| | | |
|---|---|---|
| 1. | Kingdom of Spain | 6.52 % |
| 2. | Kingdom of the Netherlands | 6.47 % |
| 3. | European Stability Mechanism | 5.17 % |
| 4. | United States of America | 4.82 % |
| 5. | European Investment Bank (EIB) | 3.98 % |
| 6. | Commerzbank AG | 3.45 % |
| 7. | Republic of Austria | 3.27 % |
| 8. | ING Groep N.V. | 3.12 % |
| 9. | Porsche Automobil Holding SE | 2.96 % |
| 10. | ABN AMRO Bank N.V. | 2.87 % |
| Total | | 42.63 % |

Source: Depositary and Flossbach von Storch, status: 31.10.26

**The portfolio currently contains 141 securities.**

## TOP 10 SECTORS (IN %)*

| | | |
|---|---|---|
| 1. | Financials | 39.88 % |
| 2. | Consumer Discretionary | 15.79 % |
| 3. | Health Care | 13.28 % |
| 4. | Consumer Staples | 9.31 % |
| 5. | Utilities | 6.84 % |
| 6. | Communication Services | 5.55 % |
| 7. | Information Technology | 3.91 % |
| 8. | Materials | 3.29 % |
| 9. | Energy | 1.50 % |
| 10. | Industrials | 0.64 % |
| Total | | 99.99 % |

Source: Depositary and Flossbach von Storch, status: 31.10.26

*based on bonds excluding government bonds

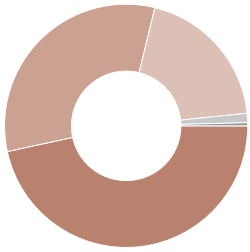
## CREDIT RATING ALLOCATION (IN%)

| | |
|---|---|
| AAA | 46.25 % |
| AA | 18.44 % |
| A | 23.62 % |
| BBB | 11.69 % |

Source: Depositary and Flossbach von Storch, status: 31.10.26

A simplified ratings scorecard is used when determining the rating. Trends (+/-) are not taken into account in this process.

## ASSET ALLOCATION (IN %)



- 47.01 % Government bonds
- 32.46 % Corporate bonds
- 19.71 % Covered bonds
- 1.25 % Cash
- -0.42 % Other (incl. derivatives)

Source: Depositary and Flossbach von Storch, status: 31.10.26

## KEY FUND FIGURES

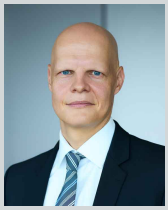
| | |
|---|---|
| Average Yield to Maturity | 3.40 % |
| Duration | 3.01 years |

Source: Depositary and Flossbach von Storch, status: 31.10.26

## MONTHLY COMMENTARY

Global bond markets recovered in October, although performance varied considerably beneath the surface. Central banks on both sides of the Atlantic left policy rates unchanged at their October meetings, providing little new impetus. Despite energy prices continuing to rise, prices of German Bunds and US Treasuries recovered noticeably from the yield highs seen at the end of September. In the five-year maturity segment, yields on German Bunds and US Treasuries fell by around 20 bps and just over 35 bps, respectively. In our view, recent market developments reflect not only the attractive valuations of high-quality bonds, but also growing concerns about a potential bursting of the AI bubble in the USA and the limits of the ECB's restrictive monetary policy stance. The latter has further clouded the outlook for France, where debt-servicing costs are already too high, triggering a sell-off in French government bonds (OATs). The risk premiums on 10-year OATs rose again against German Bunds over the course of the month by around 30 bps. Risk premiums on other spread products, such as Italian government bonds or corporate bonds, were also broadly around 10-15 bps higher for 10-year maturities. Thanks to our (moderately) aggressive duration of around three years and the portfolio's focus on quality, the Fund price recovered noticeably in October. Recent developments have reinforced our view that the ECB's restrictive stance poses increasing risks to the growth outlook and may lead to collateral damage. We are therefore maintaining the portfolio's interest-rate sensitivity at around three years. Beneath the surface, we have, in isolated cases, taken advantage of the widening of spreads on high-quality bonds to make selective additional purchases. We continue to avoid securities from highly indebted issuers (such as government bonds from France, Belgium and Italy) and anticipate greater differentiation between individual issuers and credit ratings in the coming months and quarters.

## FUND MANAGEMENT



**Marcel Bross**
*Fund manager*
at Flossbach von Storch since 2021.

**Team Fixed Income**
Deputy and operational collaboration is conducted through our Fixed Income Team.

## AWARDS

**Morningstar Rating™ overall*:** ★★

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For more information on Morningstar's ratings, please visit: Investment Research Methodology | Morningstar

status: 30.09.26

# Flossbach von Storch - Bond Defensive - I



## OPPORTUNITIES

+ Participate in global bond market growth.
+ Income can be generated from regular interest payments.
+ Active interest rate, currency and risk management (e.g. from the use of derivatives).

## RISKS

- The securities in which the Management Company invests the sub-fund assets present opportunities for gain but also the possibility of risk. Screening against an exclusion list may partially restrict the range and number of eligible target investments. If a sub-fund invests directly or indirectly in securities and other assets, it is subject to many general trends and tendencies, which are sometimes attributable to irrational factors on the markets particularly on the securities markets. Losses can occur when the market value of the assets decreases as against the cost price. If a unitholder sells units of the sub-fund at a time at which the value of assets in the sub-fund has decreased compared with the time of the unit purchase, he will not receive the full amount he has invested in the sub-fund. Despite the fact that each sub-fund aspires constant growth, this cannot be guaranteed.
- Country, credit and issuer liquidity risk. Also potential exchange rate risks. If securities are illiquid (i.e. thinly traded), there is a risk that it may either not be possible to sell the assets at all or only by accepting a significant discount on the sale price.
- Investing in bonds may entail price risks, especially in case of rising interest rates on the capital markets.
- Where used, derivatives can have a greater negative impact on the fund value than would be the case if the assets were acquired directly. This can affect the fund's risk profile and volatility (tendency for the price to fluctuate).

**Please read the Prospectus and particularly the RISK WARNINGS section and the specific annex of the subfund to understand the risks and benefits of this product.**

## INVESTOR PROFILE

**CONSERVATIVE:**

The fund is appropriate for conservative investors. Due to the composition of the net sub-fund assets, there is a moderate degree of risk but also a moderate degree of profit potential. The risks may consist in particular of currency risk, credit risk and price risk, as well as market interest rate risks.

**INVESTMENT HORIZON:**

Medium- to long-term: Minimum 3 years

## RISK INDICATOR

Lower risk ⟷ Higher risk

| 1 | **2** | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

The risk indicator assumes you keep the product for a minimum of 3 years. The actual risk can vary significantly if you cash in at an early stage and you may get back less.The summary risk indicator ("SRI") is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you. Unusual market conditions could arise, for example, due to currency, creditworthiness, price, counterparty, liquidity and interest rate risks, as detailed in the sales prospectus. We have classified this product as 2 out of 7, which is a low risk class. This rates the potential losses from future performance at a low level, and poor market conditions are very unlikely to impact the Fund's capacity to pay you. This product does not include any protection from future market performance. Please refer to the 'Risk' section of the sales prospectus for more details.

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**The units/shares issued by this fund may only be offered for purchase or sold in jurisdictions in which such offer or sale is permitted. Accordingly, the units/shares of this fund must not be offered for purchase or sold neither within the USA nor to or for the account of US citizens or US persons domiciled in the USA. Additionally, the units/shares issued by this fund must not be offered for purchase or sold to "US-Persons" and/ or entities, which are owned by one or more "US-Persons" based on the definitions set out in the "Foreign Account Tax Compliance Act (FATCA)". This publication and the information contained herein must not be distributed in the USA. The distribution and publication as well as the offer or sale of the fund's units/shares may also be subject to restrictions in other jurisdictions.**

The latest net asset value (NAV) of the fund can be obtained from the management company's website.

**Past performance is not a reliable indicator of future performance.**

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The publication issued in German is legally binding. This English translation is only for the purpose of convenience.

A comprehensive glossary of topics and terms (in German) can also be found at http://www.flossbachvonstorch.com/glossar/.

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